



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

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Decision of No Substantial New Information 2013 Beaufort Sea, North Slope, and North Slope Foothills Areawide Oil and Gas Lease Sales

Introduction

Before the director of the Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G) may hold an oil and gas lease sale, Alaska statute 38.05.035(e) requires a written finding that the interests of the state will best be served by the sale. The current Beaufort Sea Areawide final best interest finding was issued on November 9, 2009 (Beaufort Sea Final Finding). The current North Slope Areawide final best interest finding was issued on July 15, 2008 (North Slope Final Finding), and the current North Slope Foothills final best interest finding was issued on May 26, 2011 (North Slope Foothills Final Finding).

Under AS 38.05.035(e)(6)(F), DO&G will supplement the current written final finding if the DNR commissioner determines that substantial new information has become available to justify a supplement. To gather this information, public calls for new information have been issued each year since the final findings were issued. Supplements to the Beaufort Sea and North Slope final findings were issued on July 8, 2010, and July 14, 2011.

On March 22, 2013, DO&G issued a Call for New Information regarding the 2013 Beaufort Sea, North Slope, and North Slope Foothills areawide oil and gas lease sales. The call requested interested persons to submit to DO&G substantial new information to supplement the current final findings for the area. The submission period ended on April 22, 2013.

As stated in the Call for New Information, DO&G generally considers "substantial new" information to include published research, studies, or data directly relevant to the matters listed in AS 38.05.035(g) and to the lands covered in the final finding that has become publicly available over the past year. Matters listed in AS 38.05.035(g) include:

- property descriptions and locations;
- petroleum potential of the sale area, in general terms;
- fish and wildlife species and their habitats in the area;
- current and projected uses in the area, including uses and value of fish and wildlife;
- governmental powers to regulate the exploration, development, production, and transportation of oil and gas or of gas only;
- reasonably foreseeable cumulative effects of exploration, development, production, and transportation for oil and gas or for gas only on the sale area, including effects on subsistence uses, fish and wildlife habitat and populations and their uses, and historic and cultural resources;

- lease stipulations and mitigation measures, including any measures to prevent and mitigate releases of oil and hazardous substances, to be included in the leases, and the protections offered by these measures;
- method or methods most likely to be used to transport oil or gas from the lease sale area, and the advantages, disadvantages, and relative risks of each;
- reasonably foreseeable fiscal effects of the lease sale and the subsequent activity on the state and affected municipalities and communities, including the explicit and implicit subsidies associated with the lease sale, if any;
- reasonably foreseeable effects of exploration, development, production, and transportation involving oil and gas or gas only on municipalities and communities within or adjacent to the lease sale area; and
- bidding method or methods adopted by the commissioner under AS 38.05.180.

In response to the call, DO&G received timely comments from the State of Alaska, Department of Environmental Conservation and ConocoPhillips Alaska, Inc. The commissioner has reviewed and considered the comments and documents referenced or included with those comments. The comments are summarized below along with the commissioner's responses.

Decision

The commissioner finds that no substantial new information was received in response to the Call for New Information, dated March 22, 2013, to justify a supplement to the Beaufort Sea, North Slope, and the North Slope Foothills final findings.

Responses to Comments

Each comment is summarized below, along with the commissioner's response to each.

1. State of Alaska, Department of Environmental Conservation, Division of Air Quality (DEC)

- a. ***Comment Summary:*** DEC stated that several industry members have been collecting air pollutant data and performing modeling reviews, assessments, and analyses. It also included with its comments an EPA Region 10 determination of appropriate background values for the Chukchi and Beaufort seas OCS permits.

Commissioner's Response: DEC is responsible for controlling and mitigating air pollution to maintain air quality standards. The Beaufort Sea, North Slope, and North Slope Foothills final findings contain advisories alerting lessees that the DEC requires air quality permits before beginning construction and operations. The permits include air quality monitoring, modeling, and emission control obligations (Beaufort Sea Final Finding at Chapter 9, B.2.b.; North Slope Final Finding at Chapter 7, B.3.b.; and North Slope Foothills Final Finding at Chapter 9, B.2.b.). DEC may use the information in its comments to determine whether to issue an air quality permit for a particular lessee. The commissioner may consider cumulative information when developing new a best interest finding. At this time, DEC's comments do not contain or reference substantial new information that justifies a supplement to the current findings.

2. ConocoPhillips Alaska, Inc. (CPAI)

- a. **Comment Summary:** CPAI commented that subdividing some North Slope tracts into parcels results in greater administrative burden for lessees and lessors. It suggested that DO&G return to offering tracts rather than parcels for certain state lands available on the North Slope for oil and gas leasing.

Commissioner's Response: CPAI's comment relates to the state's administrative lease sale process, not substantial new information directly relevant to the matters listed in AS 38.05.035(g). Therefore, CPAI's comment does not contain or reference substantial new information that justifies a supplement to the current findings.

- b. **Comment Summary:** CPAI commented that state lands within the sale areas continue to provide robust opportunities for oil and gas exploration and development. It recommended that the state continue to offer its lands in the North Slope, Beaufort Sea, and North Slope Foothills areawide lease sales areas.

Commissioner's Response: The commissioner acknowledges the comment.

- c. **Comment Summary:** CPAI commented that mitigation measure in Chapter 7, A.4.a of the North Slope Final Finding requiring secondary containment duplicates other requirements and creates uncertainty about compliance because of vague wording. CPAI recommended removing the secondary containment requirement from the mitigation measure.

Commissioner's Response: CPAI did not refer to any instances in which it has been found non-compliant, cited, or fined based on the referenced mitigation measure since the North Slope Final Finding was issued in 2008. Nor did it refer to any studies or data demonstrating CPAI has been negatively affected by the mitigation measure. Therefore, CPAI's comment does not contain or reference substantial new information that justifies a supplement to the current findings. The commissioner may revisit this mitigation measure during the next 10-year rewrite of the North Slope best interest finding.

Conclusion

The commissioner has considered the responses to the Call for New Information for the 2013 Beaufort Sea, North Slope, and North Slope Foothills areawide lease sales. The responses do not provide substantial new information to justify supplements to the Beaufort Sea, North Slope, or North Slope Foothills final findings.

An eligible person affected by this decision may request its reconsideration, in accordance with 11 AAC 02. Any request for reconsideration must be received within 20 calendar days after the date of issuance of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov.

An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. If the commissioner does not act on a request for reconsideration within 30 days after issuance of this decision, the request for reconsideration is considered denied and this decision becomes a final

administrative order and decision on the 31st day after issuance for the purposes of an appeal to Superior Court. A copy of 11 AAC 02 is available from any regional information office of the Department of Natural Resources.



Daniel S. Sullivan
Commissioner

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